

DRAFT ANNUAL BUDGET  
OF  
VULAMEHLO LOCAL MUNICIPALITY



2016/2017 TO 2018/2019

1st Draft  
30/3/2016

**2016/2017 DRAFT ANNUAL BUDGET**

**Purpose**

The draft 2016/17 Annual Budget was submitted for noting.

**Background**

It was submitted in terms of Section 22(b)(i) of the MFMA which requires that *immediately* after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2016, the final date of submission of the electronic budget documents and corresponding electronic returns is **Friday, 01 April 2016**. The deadline for submission of hard copies including council resolution is **Friday, 8 April 2016**.

**Report**

There was no tariff increase and no budget for vacant positions.  
Since CPI was pronounced on Treasury circular 79 as 6.6, therefore 7.5% salary increase for both staff and councilors was used.  
Salaries to total operating budget-29%  
Capital to total budget -40%  
Operating to total budget-60%  
Repairs and maintenance to total operating budget – 8%  
Repairs and maintenance to total capital/PPE budget-12%  
Depreciation to total operating budget-17%  
Depreciation to total capital/PPE budget-25%

**Recommendation**

That the Schedule A tabled draft 2016/17 be noted and submitted to

## 2016-2017 DRAFT ANNUAL BUDGET SUMMARY

| Grants                                  | Financial Services | Corporate Services | Technical Services | Municipal Manager | Council Services | TOTAL              |
|---|--------------------|--------------------|--------------------|-------------------|------------------|--------------------|
| <b>REVENUE</b>                          |                    |                    |                    |                   |                  |                    |
| New Government Grants                   | 15,295,256         | 20,179,948         | 57,622,211         | 8,048,173         | 9,120,482        | 110,266,070        |
| Miscellaneous Income                    | 2,013,000          | 3,000              |                    |                   |                  | 2,016,000          |
| Billable Income                         | 2,996,469          | 296,273            |                    |                   |                  | 3,292,742          |
| <b>TOTAL REVENUE</b>                    | <b>20,304,725</b>  | <b>20,479,221</b>  | <b>57,622,211</b>  | <b>8,048,173</b>  | <b>9,120,482</b> | <b>115,574,812</b> |
| <b>EXPENDITURE</b>                      |                    |                    |                    |                   |                  |                    |
| Employee Related Costs                  | 3,865,016          | 9,055,679          | 3,508,444          | 3,433,173         |                  | 19,862,312         |
| Council Remuneration                    |                    |                    |                    |                   | 6,900,482        | 6,900,482          |
| Contracted services(not per A schedule) | 1,650,000          | 2,377,076          |                    | 2,365,000         |                  | 6,392,076          |
| Other expenditure(not per A schedule)   | 609,899            | 3,553,463          | 70,697             | 1,600,000         | 2,220,000        | 8,054,059          |
| Depreciation                            | 11,745,810         |                    |                    |                   |                  | 11,745,810         |
| Debt Impairment                         | 2,234,000          |                    |                    |                   |                  | 2,234,000          |
| Repairs and Maintenance                 |                    |                    | 5,727,313          |                   |                  | 5,727,313          |
| Equitable Share Special Programmes      |                    | 5,493,003          | 100,000            | 650,000           |                  | 6,243,003          |
| Conditional Grants Programmes           | 200,000            |                    | 1,846,554          |                   |                  | 2,046,554          |
| <b>TOTAL OPERATING EXPENDITURE</b>      | <b>20,304,725</b>  | <b>20,479,221</b>  | <b>11,253,008</b>  | <b>8,048,173</b>  | <b>9,120,482</b> | <b>69,205,609</b>  |
| <b>CAPITAL</b>                          |                    |                    |                    |                   |                  |                    |
| MUNICIPAL INFRASTRUCTURE GRANT          |                    |                    | 16,369,203         |                   |                  | 16,369,203         |
| DISASTER GRANT                          |                    |                    | 30,000,000         |                   |                  | 30,000,000         |
| <b>TOTAL CAPITAL EXPENDITURE</b>        |                    |                    | <b>46,369,203</b>  |                   |                  | <b>46,369,203</b>  |
| <b>GRAND TOTAL EXPENDITURE</b>          | <b>20,304,725</b>  | <b>20,479,221</b>  | <b>57,622,211</b>  | <b>8,048,173</b>  | <b>9,120,482</b> | <b>115,574,812</b> |
| <b>SURPLUS/DEFICIT</b>                  |                    |                    |                    |                   |                  |                    |
|   | -                  | -0                 | -                  | -                 | -                | -0                 |

| <u>Budget Allocation Percentage</u>                 |  |  |  |  |  |     |
|---|--|--|--|--|--|-----|
| Salaries to total operating budget                  |  |  |  |  |  | 29% |
| Capital to total budget                             |  |  |  |  |  | 40% |
| Operating to total budget                           |  |  |  |  |  | 60% |
| Repairs and maintenance to total operating budget   |  |  |  |  |  | 8%  |
| Repairs and maintenance to total capital/PPE budget |  |  |  |  |  | 12% |
| Depreciation to total operating budget              |  |  |  |  |  | 17% |
| Depreciation to total capital/PPE budget            |  |  |  |  |  | 25% |
|   |  |  |  |  |  |     |
|   |  |  |  |  |  |     |
| <i>Please Note: Depreciation is cash backed</i>     |  |  |  |  |  |     |
|   |  |  |  |  |  |     |
|   |  |  |  |  |  |     |

**2016-2017 DRAFT ANNUAL BUDGET**

**Budget and Treasury Office**

| Grants   | Vote No            | Adjusted 2015/16 Budget | 2016/17 Budget    |
|--|--------------------|-------------------------|-------------------|
| <b>New Government Grants</b>                   |                    | <b>7,495,725</b>        | <b>15,295,256</b> |
| Equitable Share                                | 1600/1603/019/0191 | 5,620,725               | 13,285,256        |
| FMG  | 1600/1606/019/0191 | 1,875,000               | 2,010,000         |
|  |                    | <b>2,119,950</b>        | <b>2,013,000</b>  |
| <b>Miscellaneous Income</b>                    |                    | <b>2,060,307</b>        | <b>2,000,000</b>  |
| Interest                                       | 0800/0805/019/0191 | 4,543                   | 3,000             |
| Rates Clearance                                | 1700/1720/019/0191 | 55,000                  | 10,000            |
| Sale of tender Documents                       | 1700/1715/019/0191 | 100                     |                   |
| Sundry Income                                  | 1700/1705/019/0191 |                         |                   |
|  |                    | <b>2,996,469</b>        | <b>2,996,469</b>  |
| <b>Billable Income</b>                         |                    | <b>2,274,590</b>        | <b>2,274,590</b>  |
| Rates  | 0200/0205/019/0191 | -40,121                 | -40,121           |
| Revenue Forgone                                | 0200/0210/01       | 750,000                 | 750,000           |
| Interest - rates                               | 1000/1005/019/0191 | 12,000                  | 12,000            |
| Interest - rental                              | 1000/1006/019/0191 |                         |                   |
| Rental Income                                  |                    |                         |                   |
|  |                    | <b>12,612,144</b>       | <b>20,304,725</b> |
| <b>TOTAL REVENUE</b>                           |                    |                         |                   |
| <b>EXPENDITURE</b>                             |                    | <b>5,294,120</b>        | <b>3,865,016</b>  |
| <b>Employee Related Costs</b>                  |                    | <b>5,000</b>            | <b>10,320</b>     |
| Cell Allowance                                 | 3000/3401/019/0191 | 100,000                 | 89,720            |
| Travel Allowance                               | 3000/3006/019/0191 | 4,084,378               | 2,896,872         |
| Basic Salary                                   | 3000/3001/019/0191 | 209,142                 | 316,406           |
| Bonus  | 3000/3002/019/0191 | 1,000                   | 562               |
| Company Contribution IDC                       | 3100/3102/019/0191 | 181,534                 | 171,210           |
| Company Contribution Medical Aid               | 3100/3103/019/0191 | 647,070                 | 325,245           |
| Company Contribution Pension Fund              | 3100/3104/019/0191 | 23,466                  | 16,669            |
| Company Contribution UIF                       | 3100/3105/019/0191 | 41,030                  | 28,982            |
| Skills Development Levy                        | 3100/3106/019/0191 | 1,500                   | 9,030             |
| Housing Allowance                              | 3000/3011/019/0191 |                         |                   |
|  |                    | <b>13,679,486</b>       | <b>13,979,810</b> |
| <b>General</b>                                 |                    | <b>1,700,000</b>        | <b>2,234,000</b>  |
| Provision for bad debts-debt impairment        | 3500/3505/019/0191 | 11,979,486              | 11,745,810        |
| Depreciation                                   | 3700/3705/019/0191 |                         |                   |
|  |                    | <b>2,436,267</b>        | <b>1,650,000</b>  |
| <b>Contracted services(not per A schedule)</b> |                    | <b>1,200,000</b>        | <b>1,500,000</b>  |
| Service Level Agreement and new modules        | 4400/4421/019/0191 | 1,236,267               | 150,000           |
| Vat - Review                                   | 4300/4383/019/0191 |                         |                   |
|  |                    | <b>820,206</b>          | <b>609,899</b>    |
| <b>Other expenditure(not per A schedule)</b>   |                    | <b>75,000</b>           | <b>25,000</b>     |
| Accommodation                                  | 4400/4401/019/0191 | 50,000                  | 50,000            |
| Advertising                                    | 4400/4405/019/0191 | 176,153                 | 88,076            |
| Bank Charges                                   | 4400/4406/019/0191 | 200,000                 | 200,000           |
| Debt Collection Fees                           | 4400/4517/019/0191 | 3,352                   | 3,352             |
| Finance Cost                                   | 4400/4433/019/0191 | 5,971                   | 5,971             |
| Interest Expense                               | 4400/4505/019/0191 | 2,500                   | 2,500             |
| Membership                                     | 4400/4512/019/0191 | 5,000                   | -                 |
| Refreshments & Catering                        | 4400/4419/019/0191 | 37,230                  | 20,000            |
| Seminars & Workshops Conferences               | 4400/4424/019/0191 | 150,000                 | 150,000           |
| Staff/Training Bursary Fund                    | 4400/4426/019/0191 | 65,000                  | 65,000            |
| Subsistence and travelling                     | 4400/4508/019/0191 | 50,000                  | -                 |
| Travel   | 4400/4503/019/0191 |                         |                   |
|  |                    | <b>1,875,000</b>        | <b>200,000</b>    |
| <b>Conditional Grants Programmes</b>           |                    | <b>1,875,000</b>        | <b>200,000</b>    |
| Grant Expenditure FMG Office                   | 4300/4377/019/0191 |                         |                   |
|  |                    | <b>24,105,079</b>       | <b>20,304,725</b> |
| <b>TOTAL OPERATING EXPENDITURE</b>             |                    |                         |                   |
| <b>Internally Funded Assets</b>                |                    | <b>50,000</b>           | <b>-</b>          |
| Lap top Computers                              | 8200/8204/019/0191 | 50,000                  |                   |
|  |                    | <b>50,000</b>           | <b>-</b>          |
| <b>TOTAL CAPITAL EXPENDITURE</b>               |                    |                         |                   |
| <b>GRAND TOTAL EXPENDITURE</b>                 |                    | <b>24,155,079</b>       | <b>20,304,725</b> |
|  |                    | <b>-11,542,935</b>      | <b>-</b>          |
| <b>SURPLUS/DEFICIT</b>                         |                    |                         |                   |

| 2016-2017 DRAFT ANNUAL BUDGET                  |                    |                         |                   |
|--|--------------------|-------------------------|-------------------|
|  | Corporate Services |                         |                   |
| Grants   | Vote No            | Adjusted 2015/16 Budget | 2016/17 Budget    |
| <b>New Government Grants</b>                   |                    | <b>24,354,570</b>       | <b>20,179,948</b> |
| Equitable Share                                | 1600/1603/02/0205  | 23,424,570              | 20,179,948        |
| MSIG   | 1600/1607/02/0205  | 930,000                 |                   |
| <b>Miscellaneous Income</b>                    |                    | <b>3,000</b>            | <b>3,000</b>      |
| Hall Hire                                      | 1700/1710/019/0191 | 3,000                   | 3,000             |
| <b>Billable Income</b>                         |                    | <b>282,164</b>          | <b>296,273</b>    |
| Rental Income                                  | 0700/0705/019/0191 | 282,164                 | 296,273           |
| <b>Grants Rolled Over from 2014/2015 FY</b>    |                    | <b>7,131</b>            | <b>-</b>          |
| Umdumezulu rural housing project               |                    | 131                     |                   |
| HR systems                                     |                    | 7,000                   |                   |
| <b>TOTAL REVENUE</b>                           |                    | <b>24,646,865</b>       | <b>20,479,221</b> |
| <b>EXPENDITURE</b>                             |                    |                         |                   |
| <b>Employee Related Costs</b>                  |                    | <b>9,402,444</b>        | <b>9,055,679</b>  |
| Cell Allowance                                 | 3000/3401/02/0205  | 31,102                  | 183,180           |
| Travel Allowance                               | 3000/3006/02/0205  | 413,279                 | 269,158           |
| Basic Salary                                   | 3000/3001/02/0205  | 7,114,127               | 6,306,856         |
| Bonus  | 3000/3002/02/0205  | 514,691                 | 600,571           |
| Acting allowance                               | 3000/3005/02/0205  | 214,606                 | 83,333            |
| Overtime                                       | 3000/3004/02/0203  | 55,000                  | 50,000            |
| Company Contribution IDC                       | 3100/3102/01/0203  | 1,755                   | 2,152             |
| Company Contribution Medical Aid               | 3100/3103/02/0205  | 434,618                 | 473,014           |
| Company Contribution Pension Fund              | 3100/3104/02/0205  | 412,423                 | 599,718           |
| Company Contribution UIF                       | 3100/3105/02/0205  | 50,363                  | 45,098            |
| Skills Development Levy                        | 3100/3106/02/0205  | 126,260                 | 74,840            |
| Housing Allowance                              | 3000/3011/02/0205  | 34,220                  | 366,759           |
| <b>Contracted services(not per A schedule)</b> |                    | <b>2,626,605</b>        | <b>2,377,076</b>  |
| Insurance                                      | 4400/4412/02/0205  | 1,060,000               | 750,000           |
| Lease of office equipment                      | 4400/4413/02/0205  | 305,039                 | 296,266           |
| Operating Lease                                | 4400/4509/02/0205  | 569,118                 | 569,118           |
| Security                                       | 4400/4423/02/0205  | 310,000                 | 341,000           |
| SITA WAN Services                              | 4400/4510/02/0205  | 159,000                 | 174,900           |
| Valuation Roll-Maintenance                     | 4400/4415/02/0205  | 223,448                 | 245,792           |
| <b>Other expenditure(not per A schedule)</b>   |                    | <b>4,489,576</b>        | <b>3,553,463</b>  |
| Accommodation                                  | 4400/4401/02/0205  | 175,586                 | 50,000            |
| Advertising                                    | 4400/4405/02/0205  | 66,986                  | 73,685            |
| Cleaning                                       | 4400/4407/02/0205  | 20,849                  | 22,935            |
| Electricity                                    | 4400/4411/02/0205  | 223,448                 | 245,792           |

| Grants                                    | Vote No           | Adjusted 2015/16 Budget | 2016/17 Budget    |
|---|-------------------|-------------------------|-------------------|
| Legal fees                                | 4400/4414/02/0205 | 200,000                 | 200,000           |
| Media Liason                              | 4400/4513/02/0205 | 56,000                  | 100,000           |
| Medical Examination                       | 4400/4416/02/0205 | 700                     |                   |
| Motor Vehicle Running Services            | 4400/4435/02/0205 | 938,642                 | 500,000           |
| Printing and postage                      | 4400/4418/02/0205 | 5,586                   | 6,145             |
| Refreshments & Catering                   | 4400/4419/02/0205 | 90,937                  | 100,000           |
| Salga - Kwazulu Natal Subscriptions       | 4400/4420/02/0205 | 530,000                 | 550,000           |
| Salga games                               | 4400/4514/02/0205 | 750,000                 |                   |
| Seminars & Workshops Conferences          | 4400/4424/02/0205 | 10,000                  |                   |
| Sports and Recreation                     | 4400/4425/02/0205 | 200,000                 | 750,000           |
| Staff/Training Bursary Fund               | 4400/4426/02/0205 | 200,000                 | 200,000           |
| Stationery                                | 4400/4427/02/0205 | 218,000                 | 220,000           |
| Subscription                              | 4400/4428/02/0205 | 3,000                   | 3,000             |
| Subsistence and travelling                | 4400/4508/02/0205 | 165,000                 | 165,000           |
| Telephone                                 | 4400/4429/02/0205 | 574,018                 | 300,000           |
| Water                                     | 4400/4431/02/0205 | 60,824                  | 66,906            |
| <b>Conditional Grants Programmes</b>      |                   | <b>937,131</b>          | <b>-</b>          |
| HR Systems                                |                   | 7,000                   |                   |
| Umdumezulu Rural Housing Project          |                   | 131                     |                   |
| Grant Expenditure MSIG                    | 4300/4375/02/0205 | 930,000                 |                   |
| <b>Equitable Share Special Programmes</b> |                   | <b>6,569,110</b>        | <b>5,493,003</b>  |
| Projects- Disabled                        | 4300/4313/05/0507 | 250,000                 | 275,000           |
| Projects- Education fund                  | 4300/4316/05/0507 | 110,000                 | 121,000           |
| Projects- Gender Forum                    | 4300/4324/05/0507 | 500,000                 | 550,000           |
| Projects- HIV/AIDS                        | 4300/4326/05/0507 | 542,730                 | 597,003           |
| Proj Public Participation                 | 4300/4353/05/0507 | 2,300,000               | 2,300,000         |
| Proj Expenditure Senior citizens          | 4300/4354/05/0507 | 300,000                 | 330,000           |
| Proj Youth                                | 4300/4359/05/0507 | 1,170,644               | 1,175,000         |
| Printing and designing IDP                | 4400/4519/15/0102 | 40,000                  | 45,000            |
| SPLUMA                                    | 4400/4520/02/0205 | 500,000                 |                   |
| Strategic Planning                        | 4400/4521/15/0102 | 100,000                 | 100,000           |
| Proj Server Infructure overhaul           | 4300/4384/02/0203 | 592,268                 |                   |
| Proj Bio Metric access control            | 4300/4386/02/0203 | 163,468                 |                   |
| <b>Repairs and Maintanance</b>            |                   | <b>52,000</b>           | <b>-</b>          |
| Office Furniture and fittings             | 3800/3805/02/0205 | 52,000                  |                   |
| Roads maintenance                         |                   |                         |                   |
| <b>TOTAL OPERATING EXPENDITURE</b>        |                   | <b>24,076,866</b>       | <b>20,479,221</b> |
| <b>ASSETS</b>                             |                   |                         |                   |
| <b>Other Assets</b>                       |                   | <b>500,000</b>          | <b>-</b>          |
| Hall Chairs                               | 8200/8531/02/0205 | 500,000                 |                   |
| <b>Internaly Funded Assets</b>            |                   | <b>70,000</b>           | <b>-</b>          |
| Lap top Computers                         |                   | 20,000                  |                   |
| Airconditioners                           | 8200/8533/02/0205 | 50,000                  |                   |
| <b>TOTAL CAPITAL EXPENDITURE</b>          |                   | <b>570,000</b>          | <b>-</b>          |
| <b>GRAND TOTAL EXPENDITURE</b>            |                   | <b>24,646,866</b>       | <b>20,479,221</b> |
| <b>SURPLUS/DEFICIT</b>                    |                   | <b>-1</b>               | <b>-0</b>         |

**2016-2017 DRAFT ANNUAL BUDGET**

**Technical Services**

| Grants   | Vote No           | Adjusted 2015/16 Budget | 2016/17 Budget    |
|--|-------------------|-------------------------|-------------------|
| <b>New Government Grants</b>                       |                   | <b>69,086,461</b>       | <b>57,622,211</b> |
| Equitable Share                                    | 1600/1603/11/1105 | 17,126,461              | 9,406,454         |
| MIG  | 1600/1627/11/1105 | 14,960,000              | 17,230,740        |
| Mansification(water and sanitation) KZN Prov Grant | 1600/1647/11/1105 | 8,000,000               |                   |
| Disaster   | 1610/1649/11/1105 | 20,000,000              | 30,000,000        |
| Electrification                                    | 1610/1632/11/1105 | 8,000,000               |                   |
| EPWP   | 1600/1646/11/1105 | 1,000,000               | 985,017           |
| <b>Grants Rolled Over from 2014/2015 FY</b>        |                   | <b>5,334,950</b>        | <b>-</b>          |
| MIG - capital                                      |                   | 3,949,563               |                   |
| EPWP   |                   | 420,079                 |                   |
| Disaster Grant                                     |                   | 400,287                 |                   |
| Homeowners ploughing assistance project            |                   | 14,905                  |                   |
| Kzn sports   | 1600/1619/05/0507 | 550,116                 |                   |
| <b>TOTAL REVENUE</b>                               |                   | <b>74,421,411</b>       | <b>57,622,211</b> |
| <b>EXPENDITURE</b>                                 |                   |                         |                   |
| <b>Employee Related Costs</b>                      |                   | <b>2,829,801</b>        | <b>3,508,444</b>  |
| Cell Allowance                                     | 300/3401/11/1105  | 15,000                  | 40,506            |
| Travel Allowance                                   | 3000/3006/11/1105 | 152,299                 | 138,030           |
| Basic Salary                                       | 3000/3001/11/1105 | 2,243,698               | 2,698,560         |
| Bonus  | 3000/3002/11/1105 | 98,569                  | 224,880           |
| Company Contribution Group Life                    | 3100/3101/11/1105 | 1,924                   | 2,114             |
| Overtime   | 3000/3004/11/1105 | 12,500                  |                   |
| Company Contribution IDC                           | 3100/3102/11/1105 | 943                     | 1,122             |
| Company Contribution Medical Aid                   | 3100/3103/11/1105 | 120,895                 | 141,763           |
| Company Contribution Pension Fund                  | 3100/3104/11/1105 | 137,798                 | 177,285           |
| Company Contribution UIF                           | 3100/3105/11/1105 | 15,928                  | 19,352            |
| Skills Development Levy                            | 3100/3106/11/1105 | 30,247                  | 30,647            |
| Housing Allowance                                  |                   |                         | 34,185            |
| <b>Contracted services(not per A schedule)</b>     |                   | <b>435,000</b>          | <b>-</b>          |
| Service Level Agreement and new modules            | 4300/4315/05/0507 | 435,000                 |                   |
| <b>Other expenditure(not per A schedule)</b>       |                   | <b>126,752</b>          | <b>70,697</b>     |
| Accommodation                                      | 4400/4401/11/1105 | 24,987                  |                   |
| Seminars & Workshops Conferences                   | 4400/4424/11/1105 | 5,000                   | 5,000             |
| Subsistence and travelling                         | 4400/4508/11/1105 | 69,420                  | 40,000            |
| Travel   | 4400/4503/11/1105 | 5,000                   |                   |
| Uniform Allowance                                  | 4400/4511/11/1105 | 22,345                  | 25,697            |
| <b>Conditional Grants Programmes</b>               |                   | <b>18,485,100</b>       | <b>1,846,554</b>  |
| KZN Prov-Mansification grant                       | 4300/4390/11/1105 | 8,000,000               |                   |
| Homeowners Ploughing Assistance                    |                   | 14,905                  |                   |
| KZN Sports Grant                                   | 4300/4378/05/0507 | 550,116                 |                   |
| PMU  | 4300/4387/11/1105 | 500,000                 | 861,537           |
| Electrification project                            | 4300/4382/11/1105 | 8,000,000               |                   |



|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| EPWP                                      | 4300/4388/11/1105 | 1,420,079         | 985,017           |
| <b>Equitable Share Special Programmes</b> |                   | <b>5,102,946</b>  | <b>100,000</b>    |
| Projects-Free Basic Electricity           | 4300/4322/11/1105 | 572,400           | 100,000           |
| Projects-Free Basic Services              | 4300/4323/11/1105 | 4,530,546         |                   |
| <b>Repairs and Maintenance</b>            |                   | <b>7,975,564</b>  | <b>5,727,313</b>  |
| Office Buildings                          | 3800/3803/11/1105 | 59,000            | 30,000            |
| Community Facilities                      | 3800/3806/11/1105 | 1,300,000         | 500,000           |
| Computer Equipment                        | 3800/3801/11/1105 | 5,000             | 5,000             |
| Motor Vehicles and Plant                  | 3800/3802/11/1105 | 431,564           | 256,028           |
| Office Equipment                          | 3800/3804/11/1105 | 75,000            |                   |
| Office Furniture and fittings             | 3800/3805/11/1105 | 125,000           |                   |
| Roads maintenance                         | 3800/3808/11/1105 | 5,980,000         | 4,936,285         |
| <b>TOTAL OPERATING EXPENDITURE</b>        |                   | <b>34,955,163</b> | <b>11,253,008</b> |
| <b>Internally Funded Assets</b>           |                   | <b>156,399</b>    | <b>-</b>          |
| Wheel Chair Revamp                        | 8200/8525/11/1105 | 156,399           |                   |
| <b>MIG Projects</b>                       |                   | <b>18,909,563</b> | <b>16,369,203</b> |
| Dududu/Thafeni Road-RO                    |                   | 949,563           |                   |
| Ndlovu Road                               | 8200/8270 check   | 2,960,000         |                   |
| Mashiwise Resource Centre                 |                   |                   | 5,456,401         |
| Mfume Skills Centre                       |                   |                   | 5,456,401         |
| Thenjane Skills Centre                    |                   |                   | 5,456,401         |
| Fakazi Creche- roll over                  |                   | 1,000,000         |                   |
| Madundubala Community Hall-RO             |                   | 1,000,000         |                   |
| Shukumisa Sport Ground-RO                 |                   | 1,000,000         |                   |
| Mphambanyoni Community Hall               | 8200/8267         | 2,400,000         |                   |
| Bhewula Community Hall                    | 8200/8268         | 2,400,000         |                   |
| Buhlebezwe Comm Hall                      | 8200/8269         | 2,400,000         |                   |
| Mahlafuna Community Hall                  | 8200/8271         | 2,400,000         |                   |
| Harringworth Community Hall               | 8200/8272         | 2,400,000         |                   |
| <b>Renewable Assets</b>                   |                   | <b>20,400,287</b> | <b>30,000,000</b> |
| Disaster projects- roads                  | 8200/8262 check   | 20,000,000        | 30,000,000        |
| Disaster projects- roads-RO               |                   | 400,287           |                   |
| <b>TOTAL CAPITAL EXPENDITURE</b>          |                   | <b>39,466,249</b> | <b>46,369,203</b> |
| <b>GRAND TOTAL EXPENDITURE</b>            |                   | <b>74,421,412</b> | <b>57,622,211</b> |
| <b>SURPLUS/DEFICIT</b>                    |                   | <b>-1</b>         | <b>-</b>          |

**2016-2017 DRAFT ANNUAL BUDGET**

| <b>2016-2017 DRAFT ANNUAL BUDGET</b>           |                                 |                                |                       |
|--|---------------------------------|--------------------------------|-----------------------|
|  | <b><u>Municipal Manager</u></b> |                                |                       |
|  |                                 |                                |                       |
|  |                                 |                                |                       |
| <b>Grants</b>                                  | <b>Vote No</b>                  | <b>Adjusted 2015/16 Budget</b> | <b>2016/17 Budget</b> |
| <b>New Government Grants</b>                   |                                 | <b>6,303,185</b>               | <b>8,048,173</b>      |
| Equitable Share                                | 1600/1603/15/0102               | 6,303,185                      | 8,048,173             |
|  |                                 |                                |                       |
| <b>Grants Rolled Over from 2014/2015 FY</b>    |                                 | <b>33,022</b>                  | <b>-</b>              |
| Anti corruption                                |                                 | 22,541                         |                       |
| Development plan                               |                                 | 3,354                          |                       |
| LED Strategy Review                            |                                 | 7,127                          |                       |
|  |                                 |                                |                       |
| <b>TOTAL REVENUE</b>                           |                                 | <b>6,336,207</b>               | <b>8,048,173</b>      |
|  |                                 |                                |                       |
| <b>EXPENDITURE</b>                             |                                 |                                |                       |
| <b>Employee Related Costs</b>                  |                                 | <b>1,828,007</b>               | <b>3,433,173</b>      |
| Cell Allowance                                 | 3000/3401/15/0102               |                                | 20,640                |
| Travel Allowance                               | 3000/3006/15/0102               | 156,000                        | 179,439               |
| Basic Salary                                   | 3000/3001/15/0102               | 1,307,867                      | 2,607,163             |
| Bonus  | 3000/3002/15/0102               | 110,319                        | 317,263               |
| Company Contribution IDC                       | 3100/3102/15/0102               | 100                            | 187                   |
| Company Contribution Medical Aid               | 3100/3103/15/0102               | 55,984                         | 76,246                |
| Company Contribution Pension Fund              | 3100/3104/15/0102               | 141,696                        | 177,792               |
| Company Contribution UIF                       | 3100/3105/15/0102               | 8,250                          | 9,388                 |
| Skills Development Levy                        | 3100/3106/15/0102               | 47,791                         | 26,995                |
| Housing Allowance                              |                                 |                                | 18,060                |
|  |                                 |                                |                       |
| <b>Contracted services(not per A schedule)</b> |                                 | <b>2,150,000</b>               | <b>2,365,000</b>      |
| External Audit                                 | 4400/4403/15/012                | 2,000,000                      | 2,200,000             |
| Internal Audit Fees                            | 4400/4402/15/0102               | 150,000                        | 165,000               |
|  |                                 |                                |                       |
| <b>Other expenditure(not per A schedule)</b>   |                                 | <b>1,694,257</b>               | <b>1,600,000</b>      |
| Accommodation                                  | 4400/4401/15/0102               | 10,438                         | 5,000                 |
| Advertising                                    | 4400/4405/15/0102               | 93,524                         | 50,000                |
| Anti- Corruption Hotline fees                  | 4400/4515/15/0102               | 7,500                          |                       |
| Membership                                     | 4400/4512/15/0102               | 5,000                          | 5,000                 |
| Printing and postage                           | 4400/4418/15/0102               |                                |                       |
| Provision for shares services                  | 4400/4506/15/0102               | 1,500,000                      | 1,500,000             |
| Refreshments & Catering                        | 4400/4419/15/0102               | 30,000                         |                       |
| Seminars & Workshops Conferences               | 4400/4424/15/0102               | 7,500                          | 15,000                |
| Subsistence and travelling                     | 4400/4508/15/0102               | 15,295                         | 25,000                |
| Travel   | 4400/4503/15/0102               | 25,000                         |                       |
|  |                                 |                                |                       |
| <b>Conditional Grants Programmes</b>           |                                 | <b>25,895</b>                  | <b>-</b>              |
| Anti-Corrupt (DTGA- Municipal Finance)         |                                 | 22,541                         |                       |

| Grants                                    | Vote No           | Adjusted 2015/16 Budget | 2016/17 Budget   |
|---|-------------------|-------------------------|------------------|
| Development Plan                          |                   | 3,354                   |                  |
|   |                   |                         |                  |
| <b>Equitable Share Special Programmes</b> |                   | <b>604,200</b>          | <b>650,000</b>   |
| LED                                       | 4300/4335/03/0301 | 604,200                 | 650,000          |
| <b>TOTAL OPERATING EXPENDITURE</b>        |                   | <b>6,302,359</b>        | <b>8,048,173</b> |
|   |                   |                         |                  |
| <b>Internally Funded Assets</b>           |                   | <b>33,847</b>           | <b>-</b>         |
| Office furniture & Equipment              | 8200/8218/15/0102 | 13,847                  |                  |
| Lap top Computers                         | 8200/8220/01/0102 | 20000                   |                  |
|   |                   |                         |                  |
|   |                   |                         | -                |
| <b>TOTAL CAPITAL EXPENDITURE</b>          |                   | <b>33,847</b>           | <b>-</b>         |
|   |                   |                         |                  |
| <b>GRAND TOTAL EXPENDITURE</b>            |                   | <b>6,336,206</b>        | <b>8,048,173</b> |
|   |                   |                         |                  |
| <b>SURPLUS/DEFICIT</b>                    |                   | <b>6,302,360</b>        | <b>-</b>         |
|   |                   |                         |                  |

## 2016-2017 DRAFT ANNUAL BUDGET

### Mayor/Council

| Grants                                       | Vote No           | Adjusted 2015/16 Budget | 2016/17 Budget   |
|--|-------------------|-------------------------|------------------|
| <b>New Government Grants</b>                 |                   | <b>10 395 059</b>       | <b>9 120 482</b> |
| Equitable Share                              | 1600/1603/01/0101 | 10 395 059              | 9 120 482        |
| <b>TOTAL REVENUE</b>                         |                   | <b>10 395 059</b>       | <b>9 120 482</b> |
| <b>Councillors Remuneration</b>              |                   | <b>6 521 399</b>        | <b>6 900 482</b> |
| Cell Allowance                               | 3400/3401/01/0101 | 451 314                 | 448 662          |
| Basic Salary                                 | 3400/3402/01/0101 | 4 498 557               | 6 300 955        |
| 3G Datacard                                  | 3400/3404/01/0101 | 76 320                  | 77 400           |
| Travel Allowance                             | 3400/3403/01/0101 | 1 495 208               |                  |
| Skills Levy                                  |                   |                         | 73 465           |
| <b>Other expenditure(not per A schedule)</b> |                   | <b>3 853 661</b>        | <b>2 220 000</b> |
| Accommodation                                | 4400/4401/01/0101 | 170 761                 | 150 000          |
| Burial for councillors                       | 4300/4303/01/0101 | 148 400                 | 100 000          |
| Caucus Fund                                  | 4400/4516/01/0101 | 400 000                 | -                |
| Councillors skill upgrade                    | 4400/4426/01/0101 | 600 000                 | 250 000          |
| Refreshments & Catering                      | 4400/4419/01/0101 | 15 500                  | 15 000           |
| Seminars & Workshops Conferences             | 4400/4424/01/0101 | 25 000                  | 25 000           |
| Subsistence and travelling                   | 4400/4508/01/0101 | 1 800 000               | 1 000 000        |
| Travel                                       | 4400/4503/01/0101 | 14 000                  | -                |
| Ward Committee Incentives                    | 3400/3405/01/0101 | 680 000                 | 680 000          |
| <b>TOTAL OPERATING EXPENDITURE</b>           |                   | <b>10 375 060</b>       | <b>9 120 482</b> |
| <b>SURPLUS/DEFICIT</b>                       |                   | <b>19 999</b>           | <b>-</b>         |

## 2016/2017 TARIFF OF CHARGES

| DESCRIPTION  | 2015/2016      | 2016/2017      |
|--|----------------|----------------|
| <b>PROPERTY RATES</b>                                  |                |                |
| RURAL RESIDENTIAL                                      | 0.0106         | 0.0106         |
| PLACE OF WORSHIP                                       | 0.0027         | 0.0027         |
| AGRICULTURAL SMALLHOLDING                              | 0.0027         | 0.0027         |
| PUBLIC SERVICE INFRASTRUCTURE                          | 0.0027         | 0.0027         |
| AGRIC IND/ COMM  | 0.0027         | 0.0027         |
| AGRICULTURAL   | 0.0027         | 0.0027         |
| COMMUNAL LAND  | 0.0027         | 0.0027         |
| STATE OWNED PROPERTIES                                 | 0.0027         | 0.0027         |
| <b>MISCELLANEOUS CHARGES</b>                           |                |                |
| HALL – DEPOSIT FOR OTHER EVENTS                        | R250           | R250           |
| HALL – DEPOSIT FOR COMMUNITY MEETINGS AND FUNERAL      | R150           | R150           |
| MUNICIPAL HALL HIRE FOR OTHER EVENTS                   | R480           | R480           |
| SALE OF TENDER DOCUMENT                                | R300-R600      | R300-R600      |
| MUNICIPAL HALL HIRE FOR COMMUNITY MEETINGS AND FUNERAL | R300           | R300           |
| VALUATION ROLL   | R500           | R500           |
| RATES CLEARANCE CERTIFICATE                            | R150           | R150           |
| COMMUNITY HALLS  | 0              | 0              |
| RENTAL OF SPORTS FIELDS                                | 0              | 0              |
| VALUATION CERTIFICATE                                  | R60            | R60            |
| RENTAL OF MUNICIPAL PROPERTY                           | R300-R10 000pm | R300-R10 000pm |

# **SCHEDULE A**

**DRAFT 2016/17 ANNUAL BUDGET AND  
SUPPORTING DOCUMENTATION OF  
VULAMEHLO LOCAL MUNICIPALITY**

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## Abbreviations and Acronyms

|        |  |       |   |
|--------|--|-------|---|
| AMR    | Automated Meter Reading                          | ℓ     | litre   |
| ASGISA | Accelerated and Shared Growth Initiative         | LED   | Local Economic Development                    |
| BPC    | Budget Planning Committee                        | MEC   | Member of the Executive Committee             |
| CBD    | Central Business District                        | MFMA  | Municipal Financial Management Act Programme  |
| CFO    | Chief Financial Officer                          | MIG   | Municipal Infrastructure Grant                |
| CM     | City Manager                                     | MMC   | Member of Mayoral Committee                   |
| CPI    | Consumer Price Index                             | MPRA  | Municipal Properties Rates Act                |
| CRRF   | Capital Replacement Reserve Fund                 | MSA   | Municipal Systems Act                         |
| DBSA   | Development Bank of South Africa                 | MTEF  | Medium-term Expenditure Framework             |
| DoRA   | Division of Revenue Act                          | MTREF | Medium-term Revenue and Expenditure Framework |
| DWA    | Department of Water Affairs                      | NERSA | National Electricity Regulator South Africa   |
| EE     | Employment Equity                                | NGO   | Non-Governmental organisations                |
| EEDSM  | Energy Efficiency Demand Side Management         | NKPIs | National Key Performance Indicators           |
| EM     | Executive Mayor                                  | OHS   | Occupational Health and Safety                |
| FBS    | Free basic services                              | OP    | Operational Plan                              |
| GAMAP  | Generally Accepted Municipal Accounting Practice | PBO   | Public Benefit Organisations                  |
| GDP    | Gross domestic product                           | PHC   | Provincial Health Care                        |
| GDS    | Gauteng Growth and Development Strategy          | PMS   | Performance Management System                 |
| GFS    | Government Financial Statistics                  | PPE   | Property Plant and Equipment                  |
| GRAP   | General Recognised Accounting Practice           | PPP   | Public Private Partnership                    |
| HR     | Human Resources                                  | PTIS  | Public Transport Infrastructure System        |
| HSRC   | Human Science Research Council                   | RG    | Restructuring Grant                           |
| IDP    | Integrated Development Strategy                  | RSC   | Regional Services Council                     |
| IT     | Information Technology                           | SALGA | South African Local Government Association    |
| kl     | kilolitre  | SAPS  | South African Police Service                  |
| km     | kilometre  | SDBIP | Service Delivery Budget Implementation Plan   |
| KPA    | Key Performance Area                             | SMME  | Small Micro and Medium Enterprises            |
| KPI    | Key Performance Indicator                        |       |   |
| kWh    | kilowatt   |       |   |

## Part 1 – Annual Budget

### 1.1 MAYORS REPORT

#### MAYORAL DRAFT BUDGET SPEECH

It gives me great pleasure to present before you the 2016/2017 Draft Annual Budget for this municipality. This Budget was drawn up with full understanding of the fact that only one quarter of it will be implemented by this municipality under its status as a legitimate municipality. The period of its implementation under the name of Vulamehlo Municipality will come to an end on the date of local government election to take place during 2016/2017 financial year. The remaining three quarters of it will then be consolidated with that of Umdoni and EThekweni Municipalities where 35% of it will be consolidated to eThekweni Municipality and 65% consolidated with that of Umdoni Municipality.

Due to geographical location of this municipality, generating its own revenue have always been a mammoth task since its inception for about 15 years ago. The municipality is 100% rural based and no proper rates base that could yield rates income enough to provide funding for services rendered to community. This municipality had always been 96% dependent on government grants. The national government initiated the disestablishment of this municipality for the benefit of the community within areas of its jurisdiction.

In the division of revenue for 2016/17 financial year, this municipality never received allocation. The funding used in completing this budget was obtained as a percentage of allocation made to Umdoni Municipality. The Umdoni Municipality received bigger grants allocations for this financial year which was assumed that the allocation for Vulamehlo had already been combined with that of Umdoni Municipality. In terms of circular 79, CPI was 6.6%.

We hope that with this draft budget we will be able to deliver services in an equitable manner until this municipality is finally disestablished.

I thank you.

**CLLR WT DUBE**  
**MAYOR- VULAMEHLO MUNICIPALITY**

## 1.2 COUNCIL RESOLUTIONS

On 30 March 2016, the Council of Vulamehlo Municipality met in the Municipal Hall of Vulamehlo Municipality to consider the annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. The Council of Vulamehlo Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position
    - 1.2.2. Budgeted Cash Flows
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation.
    - 1.2.4. Asset management as contained in Table 26
    - 1.2.5. Basic service delivery measurement.
2. The Council of Vulamehlo Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017:
  - 2.1. the tariffs for property rates – as set out in **Annexure A**,
3. The Council of Vulamehlo Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017 the tariffs for other services, as set out in **Annexures B**.
4. To give proper effect to the municipality's annual budget, the Council of Vulamehlo Local Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of equitable share grant, portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2. No long-term loans will be raised for the funding of the capital programmes in respect of the 2016/17 financial year. All capital budget for 2016/2017 financial year will be funded out of Municipal Infrastructure grant.
  - 4.3. The Municipal Manager would not be authorised to sign any lending agreement for 2016/2017 financial year.

### **1.3 EXECUTIVE SUMMARY**

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the approved IDP.

The budget was made possible through continuous consultation with the local community, the relevant government departments and the internal departments of the Municipality to ensure that the priorities are properly aligned and addressed and other sister municipalities.

It is Council's responsibility to ensure that its budget complies with the following three criteria, i.e.:

- ☐ Sustainability, to ensure that the municipality has sufficient revenue and adequate corporate and financial stability to fund and deliver on its budget.
- ☐ Credibility, to ensure that the municipality, with its ability and capacity to spend, deliver in terms of its budget.
- ☐ Governance, that the Municipality has appropriate capacity and stability to ensure the long term sustainability of service delivery.

### **FINANCIAL SUMMARY ON 2016/2017**

The total budget amounts for the 2016/17 year is R115 574 812. This comprised of R69m towards operating expenditure and R46m towards capital Expenditure programmes.

#### **OPERATING BUDGET**

*Comprises the following:*

##### **i) OPERATING REVENUE BUDGET**

New Government Grants-R110m

Miscellaneous Income-R2m

Billable Income- R3m

##### **ii) OPERATING EXPENDITURE BUDGET**

Employee Related Costs-R20m

Council Remuneration-R7m

Contracted services-R3m

Other expenditure-R8m

Depreciation-R12m

Debt Impairment-R2m

Repairs and Maintenance-R6m

## Equitable Share Special Programmes-R6m

## Conditional Grants Programmes-R2m

The Total Operating Revenue and Expenditure budget for 2016/2017 financial year was R69m made from government grants 96%, Rates 3% and Other charge for 1%.

### CAPITAL BUDGET

Capital budget for 2016/17 is largely funded from KZN COGTA by providing the following grant funding towards infrastructure development.

- i) MUNICIPAL INFRASTRUCTURE GRANT-R16m
- ii) DISASTER GRANT-R30m

Both these grants contributes 40% percent of our 2016/2017 budget.

### 1.4 ANNUAL BUDGET TABLES

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/2017 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes.

**KZN211 Vulamehlo - Table A1 Budget Summary**

| Description  | 2012/13         | 2013/14         | 2014/15         | Current Year 2015/16 |                 |                    |                   | 2016/17 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17                                 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <b>R thousands</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Financial Performance</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 1,824           | 2,237           | -               | 2,369                | -               | -                  | -                 | 2,984   | -                      | -                      |
| Service charges  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Investment revenue   | 482             | 856             | -               | 700                  | -               | -                  | -                 | 2,000   | -                      | -                      |
| Transfers recognised - operational                                   | 44,556          | 45,055          | -               | 84,532               | -               | -                  | -                 | 63,897  | -                      | -                      |
| Other own revenue  | 628             | 396             | -               | 382                  | -               | -                  | -                 | 324   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | 47,490          | 48,543          | -               | 87,983               | -               | -                  | -                 | 69,206  | -                      | -                      |
| Employee costs   | 13,406          | 15,355          | -               | 20,090               | -               | -                  | -                 | 19,862  | -                      | -                      |
| Remuneration of councillors  | 6,665           | 6,684           | -               | 6,712                | -               | -                  | -                 | 6,900   | -                      | -                      |
| Depreciation & asset impairment                                      | 9,609           | 15,498          | -               | 11,979               | -               | -                  | -                 | 11,746  | -                      | -                      |

[illegible]

[illegible]



**Table 1 MBRR Table A1 – Budget Summary**  
**KZN211 Vulamehlo - Table A1 Budget Summary**

| Description  | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    |                   | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>R thousands</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Financial Performance</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 1 487           | 1 824           | 2 237           | 2 235                | 2 235           | 2 235              | –                 | 2 369   | 2 462                  | 2 613                  |
| Service charges  | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Investment revenue   | 221             | 482             | 856             | 850                  | 850             | 700                | –                 | 700   | 750                    | 750                    |
| Transfers recognised - operational                                   | 32 781          | 44 556          | 45 055          | 57 391               | 60 107          | 55 355             | –                 | 84 532  | 81 474                 | 118 526                |
| Other own revenue  | 320             | 628             | 396             | 3 405                | 12 502          | 12 502             | –                 | 382   | 305                    | 273                    |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>34 809</b>   | <b>47 490</b>   | <b>48 543</b>   | <b>63 681</b>        | <b>75 494</b>   | <b>70 792</b>      | <b>–</b>          | <b>87 983</b>                                       | <b>84 991</b>          | <b>122 162</b>         |
| Employee costs   | 10 958          | 13 406          | 15 355          | 18 332               | 18 332          | 18 332             | –                 | 20 090  | 21 326                 | 22 574                 |
| Remuneration of councillors  | 5 154           | 6 665           | 6 684           | 6 002                | 6 002           | 6 002              | –                 | 6 712   | 7 125                  | 7 542                  |
| Depreciation & asset impairment                                      | 5 666           | 9 609           | 15 498          | 8 400                | 11 301          | 11 301             | –                 | 11 979  | 12 698                 | 13 460                 |
| Finance charges  | 411             | 330             | 299             | 335                  | 1 135           | 1 135              | –                 | 144   | 152                    | 181                    |
| Materials and bulk purchases   | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Transfers and grants   | 3 548           | 8 379           | 7 995           | –                    | –               | –                  | –                 | 5 103   | 5 358                  | 5 625                  |
| Other expenditure  | 14 953          | 18 668          | 15 990          | 34 278               | 50 248          | 44 535             | –                 | 56 037  | 59 411                 | 63 071                 |
| <b>Total Expenditure</b>   | <b>40 689</b>   | <b>55 056</b>   | <b>61 822</b>   | <b>67 347</b>        | <b>87 018</b>   | <b>81 305</b>      | <b>–</b>          | <b>100 066</b>                                      | <b>106 070</b>         | <b>112 434</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(5 880)</b>  | <b>(7 566)</b>  | <b>(13 279)</b> | <b>(3 666)</b>       | <b>(11 524)</b> | <b>(10 513)</b>    | <b>–</b>          | <b>(12 083)</b>                                     | <b>(21 079)</b>        | <b>9 728</b>           |
| Transfers recognised - capital                                       | 15 741          | 11 568          | 21 799          | 17 999               | 17 999          | 22 701             | –                 | 38 560  | 49 145                 | 20 022                 |
| Contributions recognised - capital & contributed                     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>9 861</b>    | <b>4 002</b>    | <b>8 520</b>    | <b>14 333</b>        | <b>6 475</b>    | <b>12 188</b>      | <b>–</b>          | <b>26 477</b>                                       | <b>28 066</b>          | <b>29 750</b>          |
| Share of surplus/ (deficit) of associate                             | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <b>Surplus/(Deficit) for the year</b>                                | <b>9 861</b>    | <b>4 002</b>    | <b>8 520</b>    | <b>14 333</b>        | <b>6 475</b>    | <b>12 188</b>      | <b>–</b>          | <b>26 477</b>                                       | <b>28 066</b>          | <b>29 750</b>          |
| <b>Capital expenditure &amp; funds sources</b>                       |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital expenditure  | 13 234          | 12 483          | 19 526          | –                    | 23 489          | 23 489             | –                 | 39 530  | 49 145                 | 20 022                 |
| Transfers recognised - capital                                       | 13 234          | 12 483          | 19 526          | –                    | 17 999          | 22 701             | –                 | 38 060  | 49 145                 | 20 022                 |
| Public contributions & donations                                     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Borrowing  | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Internally generated funds   | –               | –               | –               | –                    | 5 490           | 788                | –                 | 1 470   | –                      | –                      |
| <b>Total sources of capital funds</b>                                | <b>13 234</b>   | <b>12 483</b>   | <b>19 526</b>   | <b>–</b>             | <b>23 489</b>   | <b>23 489</b>      | <b>–</b>          | <b>39 530</b>                                       | <b>49 145</b>          | <b>20 022</b>          |
| <b>Financial position</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total current assets   | 7 025           | 19 589          | 17 723          | 18 870               | 25 761          | 16 871             | –                 | 8 359   | 15 135                 | 19 321                 |
| Total non current assets   | 109 477         | 122 266         | 126 272         | 92 817               | 138 243         | 138 243            | –                 | 165 794   | 202 291                | 208 852                |
| Total current liabilities  | 6 579           | 16 985          | 10 532          | 4 132                | 4 132           | 4 132              | –                 | 8 842   | 8 842                  | 8 842                  |
| Total non current liabilities  | 1 839           | 1 014           | 1 067           | 100                  | 100             | 100                | –                 | 1 084   | 1 084                  | 1 084                  |
| Community wealth/Equity  | 108 084         | 123 876         | 132 396         | 105 455              | 159 772         | 150 882            | –                 | 164 237   | 207 499                | 218 246                |
| <b>Cash flows</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net cash from (used) operating                                       | 13 088          | 22 827          | 16 047          | 29 970               | 13 197          | 13 197             | –                 | 43 381  | 56 670                 | 24 708                 |
| Net cash from (used) investing                                       | (16 903)        | (12 656)        | (19 506)        | (28 614)             | (17 733)        | (17 733)           | –                 | (39 530)  | (49 145)               | (20 022)               |
| Net cash from (used) financing                                       | 1 976           | (1 650)         | (548)           | 256                  | (1 504)         | (1 504)            | –                 | (500)   | (500)                  | (500)                  |
| <b>Cash/cash equivalents at the year end</b>                         | <b>4 269</b>    | <b>12 780</b>   | <b>8 773</b>    | <b>9 984</b>         | <b>2 733</b>    | <b>2 733</b>       | <b>–</b>          | <b>6 084</b>  | <b>13 110</b>          | <b>17 296</b>          |
| <b>Cash backing/surplus reconciliation</b>                           |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash and investments available                                       | 4 269           | 12 780          | 8 773           | 16 164               | 23 059          | 16 164             | –                 | 6 759   | 13 784                 | 17 970                 |
| Application of cash and investments                                  | 3 165           | 9 751           | 3 002           | (6 666)              | 657             | 2 115              | –                 | 7 858   | 8 017                  | 8 027                  |
| <b>Balance - surplus (shortfall)</b>                                 | <b>1 104</b>    | <b>3 029</b>    | <b>5 771</b>    | <b>22 830</b>        | <b>22 402</b>   | <b>14 049</b>      | <b>–</b>          | <b>(1 099)</b>                                      | <b>5 767</b>           | <b>9 943</b>           |
| <b>Asset management</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Asset register summary (WDV)   | 109 043         | 122 117         | 126 104         | –                    | 138 841         | 138 243            | 165 797           | 165 797   | 202 290                | 208 852                |
| Depreciation & asset impairment                                      | 5 666           | 9 609           | 15 498          | 8 400                | 11 301          | 11 301             | 11 979            | 11 979  | 12 698                 | 13 460                 |
| Renewal of Existing Assets   | –               | –               | –               | –                    | –               | –                  | –                 | 20 000  | –                      | –                      |
| Repairs and Maintenance  | 610             | 1 089           | 839             | 4 056                | 5 713           | 5 713              | 7 544             | 7 544   | 8 490                  | 8 999                  |
| <b>Free services</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cost of Free Basic Services provided                                 | –               | –               | –               | 96                   | 96              | 95                 | 96                | 96  | 100                    | 100                    |
| Revenue cost of free services provided                               | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| <b>Households below minimum service level</b>                        |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Water:   | 7               | 7               | 6               | 7                    | 7               | 7                  | 6                 | 6   | 6                      | 6                      |
| Sanitation/sewerage:   | 2               | 2               | 2               | 2                    | 2               | 2                  | 2                 | 2   | 2                      | 2                      |
| Energy:  | 10              | 10              | 9               | 9                    | 9               | 9                  | 9                 | 9   | 9                      | 9                      |
| Refuse:  | –               | –               | 16              | –                    | –               | –                  | 16                | 16  | 16                     | 16                     |

## **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasized the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  1. The operating surplus
  2. Capital expenditure is balanced by capital funding sources, of which
    - i) Transfers recognized is reflected on the Financial Performance Budget;
    - ii) Internally generated funds is financed from a combination of the current operating surplus, accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. All budgeted line items in this budget was cash backed.
5. There was no increase on tariffs charges.
6. Other expenditure line items were escalated by 6%. Salaries of both staff and councilors were escalated by 7.5% due to funds constraint.
7. No budget provision for Finance Interns since all of them already completed their 2 years internship program.
8. No provision for vacant positions in all departments.
9. Any requirement for additional staff capacity in BTO between July 2017 until announcement of audit outcome for 2015/2016 audit, funding will be sourced from SLA line item of budget and from FMG grant

**KZN211 Vulamehlo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

[illegible]

|  |               |               |               |               |                |          |               |               |          |
|--|---------------|---------------|---------------|---------------|----------------|----------|---------------|---------------|----------|
| Sport and recreation                       | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| Public safety                              | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| Housing                                    | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| Health                                     | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| <b>Economic and environmental services</b> | <b>11,166</b> | <b>3,809</b>  | <b>-</b>      | <b>33,552</b> | <b>-</b>       | <b>-</b> | <b>11,253</b> | <b>-</b>      | <b>-</b> |
| Planning and development                   | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| Road transport                             | 11,166        | 3,809         | -             | 33,552        | -              | -        | 11,253        | -             | -        |
| Environmental protection                   | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| <b>Trading services</b>                    | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>-</b> | <b>-</b>      | <b>-</b>      | <b>-</b> |
| Electricity                                | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| Water                                      | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| Waste water management                     | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| Waste management                           | -             | -             | -             | -             | -              | -        | -             | -             | -        |
| <b>Other</b>                               | <b>4</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>-</b> | <b>-</b>      | <b>-</b>      | <b>-</b> |
| <b>Total Expenditure - Standard</b>        | <b>3</b>      | <b>55,056</b> | <b>50,923</b> | <b>-</b>      | <b>100,066</b> | <b>-</b> | <b>-</b>      | <b>69,206</b> | <b>-</b> |
| <b>Surplus/(Deficit) for the year</b>      |               | <b>3,880</b>  | <b>575</b>    | <b>-</b>      | <b>26,477</b>  | <b>-</b> | <b>-</b>      | <b>46,369</b> | <b>-</b> |

#### References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

|                     |           |            |   |     |   |  |  |  |  |
|---------------------|-----------|------------|---|-----|---|--|--|--|--|
| check oprev balance | 121,649   | 18,844,249 |   | 183 |   |  |  |  |  |
| check opexp balance | 6,379,221 | 2,882,039  | - | 204 | - |  |  |  |  |

#### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas, Vulamehlo Municipality having 5 Functional areas namely Municipal Manager Office, Budget and treasury services, Corporate Services, Technical Services and Council. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognized-capital) and so does not balance to the operating revenue shown on Table A4.

**KZN211 Vulamehlo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

[illegible]

|                                       |   |        |        |   |         |   |   |   |        |   |   |
|---------------------------------------|---|--------|--------|---|---------|---|---|---|--------|---|---|
| VOTE 9]                               |   |        | -      | - | -       | - | - | - | -      | - | - |
| Vote 10 - [NAME OF VOTE 10]           |   |        | -      | - | -       | - | - | - | -      | - | - |
| Vote 11 - [NAME OF VOTE 11]           |   |        | -      | - | -       | - | - | - | -      | - | - |
| Vote 12 - [NAME OF VOTE 12]           |   |        | -      | - | -       | - | - | - | -      | - | - |
| Vote 13 - [NAME OF VOTE 13]           |   |        | -      | - | -       | - | - | - | -      | - | - |
| Vote 14 - [NAME OF VOTE 14]           |   |        | -      | - | -       | - | - | - | -      | - | - |
| Vote 15 - [NAME OF VOTE 15]           |   |        | -      | - | -       | - | - | - | -      | - | - |
| <b>Total Expenditure by Vote</b>      | 2 | 55,056 | 50,923 | - | 100,066 | - | - | - | 69,206 | - | - |
| <b>Surplus/(Deficit) for the year</b> | 2 | 3,880  | 575    | - | 26,477  | - | - | - | 46,369 | - | - |

**References**

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

check Surplus/(Deficit) for the year

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote

**KZN211 Vulamehlo - Table A4 Budgeted Financial Performance (revenue and expenditure)**

| Description              | R ef | 2012/13         | 2013/14         | 2014/15         | Current Year 2015/16 |                 |                    |                   | 2016/17 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|                          |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17                                 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <b>Revenue By Source</b> |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates           | 2    | 1,824           | 2,237           | -               | 2,369                | -               | -                  | -                 | 2,234   | -                      | -                      |



|  |               |               |          |               |          |          |          |               |          |          |
|--|---------------|---------------|----------|---------------|----------|----------|----------|---------------|----------|----------|
| - capital  | -             | -             | -        | -             | -        | -        | -        | -             | -        | -        |
| Contributed assets   |               |               |          |               |          |          |          |               |          |          |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>10,381</b> | <b>16,537</b> | <b>-</b> | <b>26,477</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>46,369</b> | <b>-</b> | <b>-</b> |
| Taxation   |               |               |          |               |          |          |          |               |          |          |
| <b>Surplus/(Deficit) after taxation</b>                              | <b>10,381</b> | <b>16,537</b> | <b>-</b> | <b>26,477</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>46,369</b> | <b>-</b> | <b>-</b> |
| Attributable to minorities   |               |               |          |               |          |          |          |               |          |          |
| <b>Surplus/(Deficit) attributable to municipality</b>                | <b>10,381</b> | <b>16,537</b> | <b>-</b> | <b>26,477</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>46,369</b> | <b>-</b> | <b>-</b> |
| Share of surplus/ (deficit) of associate                             | 7             |               |          |               |          |          |          |               |          |          |
| <b>Surplus/(Deficit) for the year</b>                                | <b>10,381</b> | <b>16,537</b> | <b>-</b> | <b>26,477</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>46,369</b> | <b>-</b> | <b>-</b> |

#### References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method

8. All materials not part of 'bulk' e.g. road making materials, pipe, cable etc.

|               |           |            |         |   |   |         |   |
|---------------|-----------|------------|---------|---|---|---------|---|
| check balance | 6,500,870 | 15,962,210 | 21      | - | - | -       | - |
| Total revenue | 59,058    | 70,342     | 126,543 |   |   | 115,575 |   |



**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue has remained unchanged because there was no proposal for rates increase for 2016/17 financial year.
2. Revenue to be generated from property rates is almost R2.4 million for the 2016/17 financial year which represents only 3 percent of the operating revenue base of the Municipality and therefore remains an insignificant funding source for the municipality.
3. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. Government grants are the main sources of the municipality's revenue since it totals to 96 percent which makes our municipality grants dependent.

**KZN211 Vulamehlo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**[illegible]

[illegible]

|   |        |            |            |   |            |   |   |   |            |   |   |
|---|--------|------------|------------|---|------------|---|---|---|------------|---|---|
| Water<br>Waste water<br>management<br>Waste<br>management<br>Other  |        |            |            |   |            |   |   |   |            |   |   |
| <b>Total Capital<br/>Expenditure -<br/>Standard</b>   | 3      | 12,48<br>3 | 19,52<br>6 | - | 39,53<br>0 | - | - | - | 46,3<br>69 | - | - |
| <b>Funded by:</b>   |        |            |            |   |            |   |   |   |            |   |   |
| National<br>Government<br>Provincial<br>Government<br>District<br>Municipality<br>Other transfers<br>and grants |        | 12,48<br>3 | 19,52<br>6 |   | 38,06<br>0 |   |   |   | 46,3<br>69 |   |   |
| <b>Transfers<br/>recognised - capital<br/>Public<br/>contributions &amp;<br/>donations</b>                      | 4      | 12,48<br>3 | 19,52<br>6 | - | 38,06<br>0 | - | - | - | 46,3<br>69 | - | - |
| <b>Borrowing<br/>Internally<br/>generated funds</b>   | 5<br>6 |            |            |   |            |   |   |   |            |   |   |
|   |        |            |            |   | 1,470      |   |   |   |            |   |   |
| <b>Total Capital<br/>Funding</b>  | 7      | 12,48<br>3 | 19,52<br>6 | - | 39,53<br>0 | - | - | - | 46,3<br>69 | - | - |

#### References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
3. Capital expenditure by standard classification must reconcile to the appropriations by vote
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
5. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
6. Include finance leases and PPP capital funding component of unitary payment  
- total borrowing/repayments to reconcile to changes in Table SA17
7. Total Capital Funding must  
balance with Total Capital  
Expenditure
8. Include any capitalized interest (MFMA section 46) as part of relevant capital budget

check balance

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations there is no budget allocated since the municipality does not have multi-year capital projects.  
  
Single-year capital expenditure has been appropriated at R23 489 million for the 2014/2015 financial year and increases over the MTREF at levels of R39 530million in 2015/2016 and increased to R46mil for 2016/2017 including R30m for disaster recovery capital projects and R16 mil from MIG.
3. The single-year appropriations relate to expenditure that will be incurred in the specific budget year such as construction of access roads, crèche, community halls, and sports grounds, procurement of vehicles, plant and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. All capital programme were funded by KZN provincial government.

**KZN211 Vulamehlo - Table A6**  
**Budgeted Financial Position**

[illegible]

|                                      |   |                |                |          |                |                |          |          |                |          |          |
|--------------------------------------|---|----------------|----------------|----------|----------------|----------------|----------|----------|----------------|----------|----------|
|                                      |   | 1,299          | 1,553          |          |                |                |          |          |                |          |          |
| <b>Total current liabilities</b>     |   | <b>16,985</b>  | <b>10,532</b>  | <b>-</b> | <b>8,842</b>   | <b>8,842</b>   | <b>-</b> | <b>-</b> | <b>5,776</b>   | <b>-</b> | <b>-</b> |
| <b>Non current liabilities</b>       |   |                |                |          |                |                |          |          |                |          |          |
| Borrowing                            |   | 650            | 602            | -        | 611            | 611            | -        | -        | -              | -        | -        |
| Provisions                           |   | 364            | 466            | -        | 473            | 473            | -        | -        | 501            | -        | -        |
| <b>Total non current liabilities</b> |   | <b>1,014</b>   | <b>1,067</b>   | <b>-</b> | <b>1,084</b>   | <b>1,084</b>   | <b>-</b> | <b>-</b> | <b>501</b>     | <b>-</b> | <b>-</b> |
| <b>TOTAL LIABILITIES</b>             |   | <b>17,999</b>  | <b>11,599</b>  | <b>-</b> | <b>9,926</b>   | <b>9,926</b>   | <b>-</b> | <b>-</b> | <b>6,277</b>   | <b>-</b> | <b>-</b> |
| <b>NET ASSETS</b>                    | 5 | <b>123,876</b> | <b>132,396</b> | <b>-</b> | <b>164,237</b> | <b>187,005</b> | <b>-</b> | <b>-</b> | <b>244,000</b> | <b>-</b> | <b>-</b> |
| <b>COMMUNITY WEALTH/EQUITY</b>       |   |                |                |          |                |                |          |          |                |          |          |
| Accumulated Surplus/(Deficit)        |   | 123,713        | 132,233        |          | 164,237        | 186,959        |          |          | 244,000        |          |          |
| Reserves                             | 4 | 163            | 163            | -        | -              | -              | -        | -        | -              | -        | -        |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b> | 5 | <b>123,876</b> | <b>132,396</b> | <b>-</b> | <b>164,237</b> | <b>186,959</b> | <b>-</b> | <b>-</b> | <b>244,000</b> | <b>-</b> | <b>-</b> |

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

check balance -

Unbalanced

Test

Unbalanced

Unbalanced

-

Unbalanced

Unbalanced

-

Unbalanced

-

-

### **Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
  - 3.1 Call investments deposits;
  - 3.2 Consumer debtors;
  - 3.3 Property, plant and equipment;
  - 3.4 Trade and other payables;
  - 3.5 Provisions non-current;
  - 3.6 Changes in net assets; and
  - 3.7 Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial



indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**KZN211 Vulamehlo –  
TableA7 Budgeted Cash  
Flows**

| Description<br><br>R thousand                    | Ref | 2012/13         | 2013/14         | 2014/15         | Current Year 2015/16 |                 |                    |                   | 2016/17 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17                                 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates, penalties & collection charges   |     | 1,056           | 1,110           |                 | 1,253                | 1,253           |                    |                   | 2,057   | -                      | -                      |
| Service charges                                  |     | -               | -               |                 | -                    | -               |                    |                   | -   | -                      | -                      |
| Other revenue                                    |     | 506             | 396             |                 | 382                  | 345             |                    |                   | 312   | -                      | -                      |
| Government - operating                           | 1   | 51,731          | 37,727          |                 | 84,532               | 82,675          |                    |                   | 63,035  | -                      | -                      |
| Government - capital                             | 1   | 11,568          | 21,799          |                 | 38,560               | 34,960          |                    |                   | 46,369  | -                      | -                      |
| Interest   |     | 482             | 856             |                 | 700                  | 2,822           |                    |                   | 2,000   | -                      | -                      |
| Dividends  |     |                 |                 |                 |                      |                 |                    |                   | -   | -                      | -                      |
| <b>Payments</b>                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                          |     | (42,185)        | (45,542)        |                 | (81,902)             | (75,957)        |                    |                   | (55,116)  | -                      | -                      |
| Finance charges                                  |     | (330)           | (299)           |                 | (144)                | (144)           |                    |                   | (9)   | -                      | -                      |
| Transfers and Grants                             | 1   |                 |                 |                 |                      |                 |                    |                   | (100)   | -                      | -                      |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> |     | <b>22,827</b>   | <b>16,047</b>   | <b>-</b>        | <b>43,381</b>        | <b>45,955</b>   | <b>-</b>           | <b>-</b>          | <b>58,548</b>                                       | <b>-</b>               | <b>-</b>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                      |     | 808             | 33              |                 |                      |                 |                    |                   | -   | -                      | -                      |
| Decrease (Increase) in non-current debtors       |     |                 |                 |                 |                      |                 |                    |                   | -   | -                      | -                      |
| Decrease (increase) other non-current            |     | 387             | -               |                 |                      |                 |                    |                   | -   | -                      | -                      |

|  |   |                 |                 |          |                 |                 |          |          |                 |          |          |
|--|---|-----------------|-----------------|----------|-----------------|-----------------|----------|----------|-----------------|----------|----------|
| receivables                                      |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Decrease (increase) in non-current investments   |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Payments   |   |                 |                 |          |                 |                 |          |          | -               | -        | -        |
| Capital assets                                   |   | (13,852)        | (19,539)        |          | (39,530)        | (35,364)        |          |          | (46,369)        | -        | -        |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> |   | <b>(12,856)</b> | <b>(19,506)</b> | <b>-</b> | <b>(39,530)</b> | <b>(35,364)</b> | <b>-</b> | <b>-</b> | <b>(46,369)</b> | <b>-</b> | <b>-</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Receipts   |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Short term loans                                 |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Borrowing long term/refinancing                  |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Increase (decrease) in consumer deposits         |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Payments   |   |                 |                 |          |                 |                 |          |          |                 |          |          |
| Repayment of borrowing                           |   | (1,660)         | (548)           |          |                 | (500)           |          |          |                 |          |          |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> |   | <b>(1,660)</b>  | <b>(548)</b>    | <b>-</b> | <b>-</b>        | <b>(500)</b>    | <b>-</b> | <b>-</b> | <b>-</b>        | <b>-</b> | <b>-</b> |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>      |   | <b>8,511</b>    | <b>(4,007)</b>  | <b>-</b> | <b>3,851</b>    | <b>10,091</b>   | <b>-</b> | <b>-</b> | <b>12,179</b>   | <b>-</b> | <b>-</b> |
| Cash/cash equivalents at the year begin:         | 2 | 4,269           | 12,780          | 8,773    | 2,733           | 31,716          |          |          | 41,807          | 53,985   | 53,985   |
| Cash/cash equivalents at the year end:           | 2 | 12,780          | 8,773           | 8,773    | 6,584           | 41,807          | -        | -        | 53,985          | 53,985   | 53,985   |

#### References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less
3. The MTREF is populated directly from SA30.

|                                       |          |          |   |           |           |   |   |           |   |   |
|---------------------------------------|----------|----------|---|-----------|-----------|---|---|-----------|---|---|
| Total receipts                        | 66,539   | 61,921   | - | 125,427   | 122,055   | - | - | 113,774   | - | - |
| Total payments                        | (56,367) | (65,380) | - | (121,576) | (111,464) | - | - | (101,595) | - | - |
| Borrowings & investments & c.deposits | 10,171   | (3,459)  | - | 3,851     | 10,591    | - | - | 12,179    | - | - |

Repayment of  
borrowing

|             |                 |   |       |            |   |   |   |            |   |
|-------------|-----------------|---|-------|------------|---|---|---|------------|---|
| (1,660<br>) | (54<br>8)       | - | -     | (500)      | - | - | - | -          | - |
| 8,511       | (4,<br>00<br>7) | - | 3,851 | 10,09<br>1 | - | - | - | 12,17<br>9 | - |
| -           | -               | - | -     | -          | - | - | - | -          | - |

**KZN211 Vulamehlo - Table A8 Cash backed  
reserves/accumulated surplus reconciliation**

| Description<br><br>R thousand          | Ref | 2012/13         | 2013/14         | 2014/15         | Current Year 2015/16 |                 |                    |                   | 2016/17 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17                                 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <b>Cash and investments available</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end  | 1   | 12,780          | 8,773           | 8,773           | 6,584                | 41,807          | -                  | -                 | 53,985  | 53,985                 | 53,985                 |
| Other current investments > 90 days    |     | -               | -               | (8,773)         | 175                  | (7,351)         | -                  | -                 | -   | (53,985)               | (53,985)               |
| Non current assets - Investments       | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash and investments available:</b> |     | <b>12,780</b>   | <b>8,773</b>    | <b>-</b>        | <b>6,759</b>         | <b>34,455</b>   | <b>-</b>           | <b>-</b>          | <b>53,985</b>                                       | <b>-</b>               | <b>-</b>               |

|   |   |              |              |          |                |               |          |          |               |          |
|---|---|--------------|--------------|----------|----------------|---------------|----------|----------|---------------|----------|
| <b>Application of cash and investments</b>        |   |              |              |          |                |               |          |          |               |          |
| Unspent conditional transfers                     |   | 10,156       | 3,113        | -        | 3,160          | 3,160         | -        | -        | 5,776         | -        |
| Unspent borrowing                                 |   | -            | -            | -        | -              | -             | -        | -        | -             | -        |
| Statutory requirements                            | 2 | -            | -            | -        | -              | -             | -        | -        | -             | -        |
| Other working capital requirements                | 3 | (405)        | (111)        | -        | 4,225          | 5,182         | -        | -        | (196)         | -        |
| Other provisions                                  |   |              |              |          | 473            |               |          |          | 501           |          |
| Long term investments committed                   | 4 | -            | -            | -        | -              | -             | -        | -        | -             | -        |
| Reserves to be backed by cash/investments         | 5 |              |              |          |                |               |          |          |               |          |
| <b>Total Application of cash and investments:</b> |   | <b>9,751</b> | <b>3,002</b> | <b>-</b> | <b>7,858</b>   | <b>8,342</b>  | <b>-</b> | <b>-</b> | <b>6,081</b>  | <b>-</b> |
| <b>Surplus(shortfall)</b>                         |   | <b>3,029</b> | <b>5,771</b> | <b>-</b> | <b>(1,099)</b> | <b>26,113</b> | <b>-</b> | <b>-</b> | <b>47,904</b> | <b>-</b> |

#### References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

#### Other working capital requirements

|                                       |       |       |      |         |         |      |      |       |      |      |
|---------------------------------------|-------|-------|------|---------|---------|------|------|-------|------|------|
| Debtors                               | 4,676 | 5,217 | -    | 957     | -       | -    | -    | 196   | -    | -    |
| Creditors due                         | 4,271 | 5,106 | -    | 5,182   | 5,182   | -    | -    | -     | -    | -    |
| Total                                 | 405   | 111   | -    | (4,225) | (5,182) | -    | -    | 196   | -    | -    |
| <b>Debtors collection assumptions</b> |       |       |      |         |         |      |      |       |      |      |
| Balance outstanding - debtors         | 6,978 | 9,120 | -    | 1,610   | 848     | -    | -    | 274   | -    | -    |
| Estimate of debtors collection rate   | 67.0% | 57.2% | 0.0% | 59.4%   | 0.0%    | 0.0% | 0.0% | 71.6% | 0.0% | 0.0% |

#### Long term investments committed

[illegible]

### **Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

### **Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. The cash and investments available exceed the applications, the municipality budget has been “funded”.

**KZN211 Vulamehlo - Table A9 Asset Management**[illegible]



|   |   |         |         |   |         |         |   |        |   |   |
|---|---|---------|---------|---|---------|---------|---|--------|---|---|
| Intangibles                                     |   | -       | -       | - | -       | -       | - | -      | - | - |
| <b>Total Capital Expenditure</b>                | 4 | -       | -       | - | -       | -       | - | -      | - | - |
| <i>Infrastructure - Road transport</i>          |   | -       | -       | - | -       | -       | - | 30,000 | - | - |
| <i>Infrastructure - Electricity</i>             |   | -       | -       | - | -       | -       | - | -      | - | - |
| <i>Infrastructure - Water</i>                   |   | -       | -       | - | -       | -       | - | -      | - | - |
| <i>Infrastructure - Sanitation</i>              |   | -       | -       | - | -       | -       | - | -      | - | - |
| <i>Infrastructure - Other</i>                   |   | -       | -       | - | -       | -       | - | -      | - | - |
| Infrastructure                                  |   | -       | -       | - | -       | -       | - | 30,000 | - | - |
| Community                                       |   | -       | -       | - | 18,060  | 18,060  | - | 16,369 | - | - |
| Heritage assets                                 |   | -       | -       | - | -       | -       | - | -      | - | - |
| Investment properties                           |   | -       | -       | - | -       | -       | - | -      | - | - |
| Other assets                                    |   | -       | -       | - | 1,470   | 1,527   | - | -      | - | - |
| Agricultural Assets                             |   | -       | -       | - | -       | -       | - | -      | - | - |
| Biological assets                               |   | -       | -       | - | -       | -       | - | -      | - | - |
| Intangibles                                     |   | -       | -       | - | -       | -       | - | -      | - | - |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>  | 2 | -       | -       | - | 19,530  | 19,587  | - | 46,369 | - | - |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>       | 5 |         |         |   |         |         |   |        |   |   |
| <i>Infrastructure - Road transport</i>          |   | 37,898  | 44,916  | - | 73,296  | 73,296  | - | -      | - | - |
| <i>Infrastructure - Electricity</i>             |   |         |         |   |         |         |   |        |   |   |
| <i>Infrastructure - Water</i>                   |   |         |         |   |         |         |   |        |   |   |
| <i>Infrastructure - Sanitation</i>              |   |         |         |   |         |         |   |        |   |   |
| <i>Infrastructure - Other</i>                   |   |         |         |   |         |         |   |        |   |   |
| Infrastructure                                  |   | 37,898  | 44,916  | - | 73,296  | 73,296  | - | -      | - | - |
| Community                                       |   | 78,311  | 75,366  | - | 86,727  | 83,127  | - | -      | - | - |
| Heritage assets                                 |   | -       | -       | - | -       | -       | - | -      | - | - |
| Investment properties                           |   | -       | -       | - | -       | -       | - | -      | - | - |
| Other assets                                    |   | 5,747   | 5,776   | - | 5,726   | 5,160   | - | -      | - | - |
| Agricultural Assets                             |   | -       | -       | - | -       | -       | - | -      | - | - |
| Biological assets                               |   | -       | -       | - | -       | -       | - | -      | - | - |
| Intangibles                                     |   | 160     | 47      | - | 47      | 47      | - | 47     | - | - |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b> | 5 | 122,117 | 126,104 | - | 165,797 | 161,631 | - | 47     | - | - |
| <b>EXPENDITURE OTHER ITEMS</b>                  |   |         |         |   |         |         |   |        |   |   |
| <b>Depreciation &amp; asset impairment</b>      |   | 9,609   | 15,498  | - | 11,979  | -       | - | 11,746 | - | - |
| <b>Repairs and Maintenance by Asset Class</b>   | 3 | 1,089   | 639     | - | -       | -       | - | 5,727  | - | - |
| <i>Infrastructure - Road transport</i>          |   | 1,089   | 639     | - | -       | -       | - | 4,936  | - | - |

|   |        |        |      |        |      |      |           |      |      |
|---|--------|--------|------|--------|------|------|-----------|------|------|
| Infrastructure - Electricity                          | -      | -      | -    | -      | -    | -    | -         | -    | -    |
| Infrastructure - Water                                | -      | -      | -    | -      | -    | -    | -         | -    | -    |
| Infrastructure - Sanitation                           | -      | -      | -    | -      | -    | -    | -         | -    | -    |
| Infrastructure - Other                                | -      | -      | -    | -      | -    | -    | -         | -    | -    |
| Infrastructure  | 1,089  | 639    | -    | -      | -    | -    | 4,936     | -    | -    |
| Community   | -      | -      | -    | -      | -    | -    | 500       | -    | -    |
| Heritage assets                                       | -      | -      | -    | -      | -    | -    | -         | -    | -    |
| Investment properties                                 | -      | -      | -    | -      | -    | -    | -         | -    | -    |
| Other assets  | 6,7    | -      | -    | -      | -    | -    | -         | -    | -    |
| <b>TOTAL EXPENDITURE</b>                              |        |        |      |        |      |      | 291       | -    | -    |
| <b>OTHER ITEMS</b>                                    |        |        |      |        |      |      |           |      |      |
|   | 10,698 | 16,136 | -    | 11,979 | -    | -    | 17,473    | -    | -    |
| <b>Renewal of Existing Assets as % of total capex</b> | 0.0%   | 0.0%   | 0.0% | 0.0%   | 0.0% | 0.0% | 64.7%     | 0.0% | 0.0% |
| <b>Renewal of Existing Assets as % of deprecn"</b>    | 0.0%   | 0.0%   | 0.0% | 0.0%   | 0.0% | 0.0% | 255.4%    | 0.0% | 0.0% |
| <b>R&amp;M as a % of PPE</b>                          | 0.9%   | 0.5%   | 0.0% | 0.0%   | 0.0% | 0.0% | 2.9%      | 0.0% | 0.0% |
| <b>Renewal and R&amp;M as a % of PPE</b>              | 1.0%   | 1.0%   | 0.0% | 0.0%   | 0.0% | 0.0% | 76259.0 % | 0.0% | 0.0% |

#### References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Donated/contributed and assets funded by finance leases to be allocated to the respective category
7. Including repairs and maintenance to agricultural, biological and intangible assets

Check balance to A6      1,000.0      2,915.0      2,915.0      #####  
0      0      0      0      #####

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Renewal of existing assets has been budgeted at 12% percent of the total capital budget of 2016/17 financial year.

### KZN211 Vulamehlo - Table A10

#### Basic service delivery measurement

| Description | R<br>e<br>f | 2012<br>/13 | 2013<br>/14 | 2014<br>/15 | Current Year 2015/16 | 2016/17 Medium<br>Term Revenue &<br>Expenditure<br>Framework |
|-------------|-------------|-------------|-------------|-------------|----------------------|--|
|-------------|-------------|-------------|-------------|-------------|----------------------|--|



[illegible]

|   |   |   |   |   |    |   |   |   |    |   |
|---|---|---|---|---|----|---|---|---|----|---|
| <b><u>Refuse:</u></b>   |   | - | - | - | -  | - | - | - | -  | - |
| Removed at least once a week  |   | - | - | - | -  | - | - | - | -  | - |
| <i>Minimum Service Level and Above sub-total</i>  |   | - | - | - | -  | - | - | - | -  | - |
| Removed less frequently than once a week  |   | - | - | - | -  | - | - | - | -  | - |
| Using communal refuse dump  |   | - | - | - | -  | - | - | - | -  | - |
| Using own refuse dump   |   | - | - | - | -  | - | - | - | -  | - |
| Other rubbish disposal  |   | - | - | - | -  | - | - | - | -  | - |
| No rubbish disposal   |   | - | - | - | -  | - | - | - | -  | - |
| <i>Below Minimum Service Level sub-total</i>  |   | - | - | - | -  | - | - | - | -  | - |
| <b>Total number of households</b>   | 5 | - | - | - | -  | - | - | - | -  | - |
| <b><u>Households receiving Free Basic Service</u></b>   | 7 | - | - | - | -  | - | - | - | -  | - |
| Water (6 kilolitres per household per month)  |   | - | - | - | -  | - | - | - | -  | - |
| Sanitation (free minimum level service)   |   | - | - | - | -  | - | - | - | -  | - |
| Electricity/other energy (50kwh per household per month)  |   | - | - | - | -  | - | - | - | -  | - |
| Refuse (removed at least once a week)   |   | - | - | - | -  | - | - | - | -  | - |
| <b><u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u></b>                             | 8 | - | - | - | -  | - | - | - | -  | - |
| Water (6 kilolitres per indigent household per month)   |   | - | - | - | -  | - | - | - | -  | - |
| Sanitation (free sanitation service to indigent households)   |   | - | - | - | -  | - | - | - | -  | - |
| Electricity/other energy (50kwh per indigent household per month)   |   | - | - | - | -  | - | - | - | -  | - |
| Refuse (removed once a week for indigent households)  |   | - | - | - | -  | - | - | - | -  | - |
| <b><u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u></b>                    |   | - | - | - | -  | - | - | - | -  | - |
| <b>Total cost of FBS provided</b>   |   | - | - | - | -  | - | - | - | -  | - |
| <b><u>Highest level of free service provided per household</u></b>  |   | - | - | - | -  | - | - | - | -  | - |
| Property rates (R value threshold)  |   | - | - | - | -  | - | - | - | -  | - |
| Water (kilolitres per household per month)  |   | - | - | - | -  | - | - | - | -  | - |
| Sanitation (kilolitres per household per month)   |   | - | - | - | -  | - | - | - | -  | - |
| Sanitation (Rand per household per month)   |   | - | - | - | -  | - | - | - | -  | - |
| Electricity (kwh per household per month)   |   | - | - | - | -  | - | - | - | -  | - |
| Refuse (average litres per week)  |   | - | - | - | -  | - | - | - | -  | - |
| <b><u>Revenue cost of subsidised services provided (R'000)</u></b>  | 9 | - | - | - | -  | - | - | - | -  | - |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)                            |   | - | - | - | -  | - | - | - | -  | - |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) |   | - | - | - | -  | - | - | - | -  | - |
| Water (in excess of 6 kilolitres per  |   | - | - | - | 52 | - | - | - | 40 | - |

|   |          |   |   |   |           |   |   |   |           |   |
|---|----------|---|---|---|-----------|---|---|---|-----------|---|
| indigent household per month)   |          |   |   |   |           |   |   |   |           |   |
| Sanitation (in excess of free sanitation service to indigent households)        | -        | - | - | - | -         | - | - | - | -         | - |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | -        | - | - | - | -         | - | - | - | -         | - |
| Refuse (in excess of one removal a week for indigent households)                | -        | - | - | - | -         | - | - | - | -         | - |
| Municipal Housing - rental rebates  | -        | - | - | - | -         | - | - | - | -         | - |
| Housing - top structure subsidies   | -        | - | - | - | -         | - | - | - | -         | - |
| Other   | -        | - | - | - | -         | - | - | - | -         | - |
| <b>Total revenue cost of subsidised services provided</b>                       | <b>6</b> | - | - | - | <b>52</b> | - | - | - | <b>40</b> | - |

#### References

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service
9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)

#### **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality does not provide services such as water, sanitation, energy and refuse removal.
3. Water and sanitation is provided by Ugu District municipality, energy is supplied by Eskom.
4. Currently there is no refuse removal in the municipality.



## Part 2 – Supporting Documentation

### Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

1. that the process followed to compile the budget complies with legislation and good budget practices;
2. that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
3. that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
4. that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

### Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on August 2014. Key dates applicable to the process were:

1. **July 2015** – Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;
2. **August 2015**–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;
3. **September 2015**– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;
4. **October 2015**– Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;
5. **November 2015**–Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval

6. **December 2015** – Submit budget instructions and 2016/17 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);
7. **January 2016** - Council considers the 2016/17 Mid-year Review and Adjustments Budget;
8. **February 2016**– Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;
9. **March 2016**– Tabling in Council of the draft 2016/17 IDP and 2016/17 MTREF for public consultation;
10. **April 2016**– Public consultation;
11. **May 2016**–finalisation of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2016/17 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### **IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;
4. Public participation process;
5. Compilation of the SDBIP, and
6. The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/2017 MTREF, based on the approved 2015/2016 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

## **Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

1. Municipality growth
2. Policy priorities and strategic objectives
3. Asset maintenance
4. Economic climate and trends (i.e inflation)
5. Performance trends
6. The approved 2015/16 adjustments budget and performance against the SDBIP
7. Cash Flow Management Strategy
8. Debtor payment levels
9. Investment possibilities
10. The need for tariff increases versus the ability of the community to pay for services;
11. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

## **Community Consultation**

Community consultation were to be conducted in April 2016, scheduled izimbizo to take place in all wards, as well as the draft budget will be advertised on the website and newspapers. Extensive public consultation will be concluded and public comments and input considered.

## **Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning

provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

1. Green Paper on National Strategic Planning of 2009;
2. Government Programme of Action;
3. Development Facilitation Act of 1995;
4. Provincial Growth and Development Strategy (GGDS);
5. National and Provincial spatial development perspectives;
6. Relevant sector plans such as transportation, legislation and policy;
7. National Key Performance Indicators (NKPIS);
8. Accelerated and Shared Growth Initiative (ASGISA);
9. National 2014 Vision;
10. National Spatial Development Perspective (NSDP) and
11. The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 11 IDP Strategic Objectives**

| 2016/17 Financial Year |  |
|------------------------|--|
| 1.                     | Financial Viability                                    |
| 2.                     | Basic Service delivery and infrastructure              |
| 3.                     | Good governance and public participation               |
| 4.                     | Local economic Development                             |
| 5.                     | Municipal transformation and institutional development |
| 6.                     | Spatial analysis and environmental management          |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 12MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

**Table 13 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

**Table 14MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

### **Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose); and
6. Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

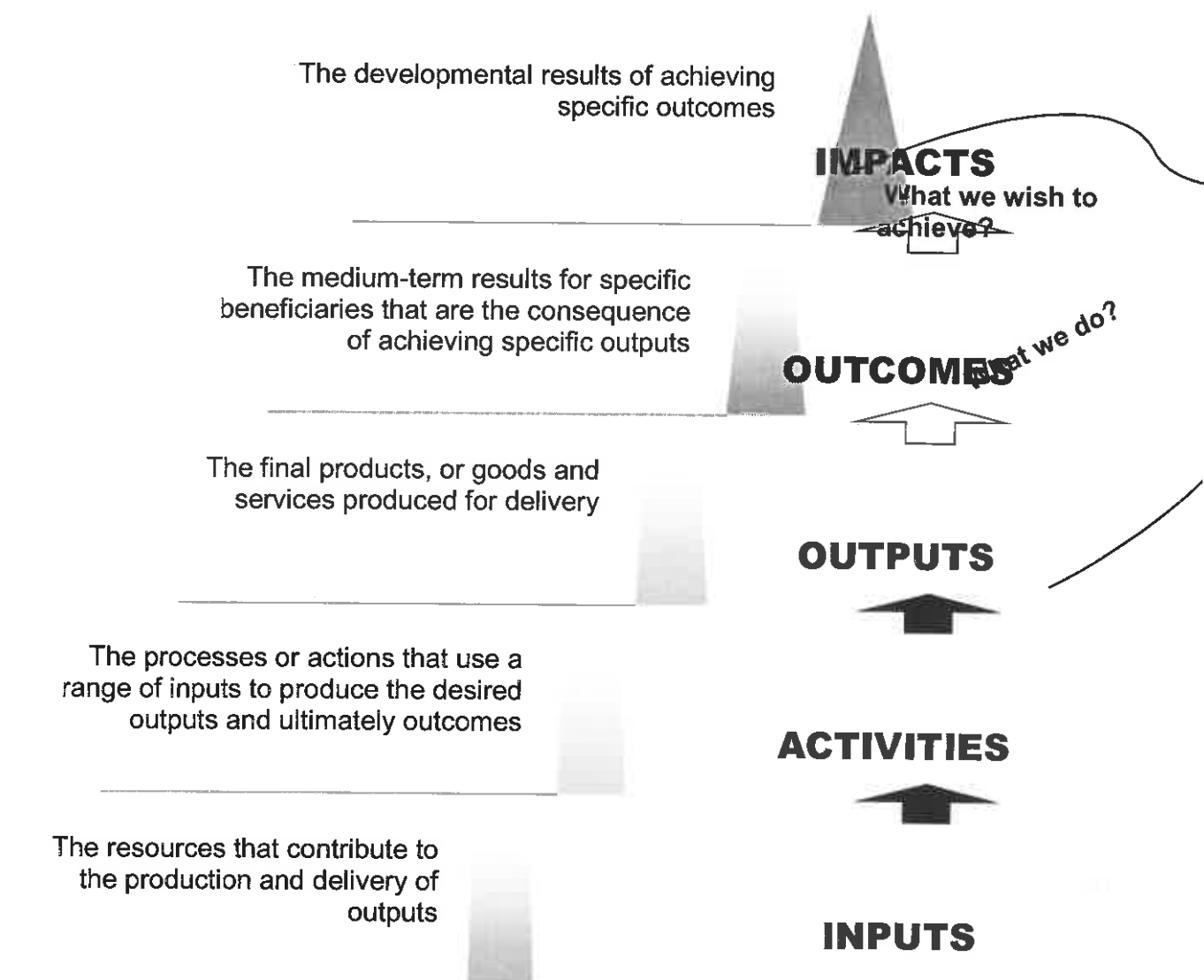


Figure 1 Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

**Table 15 MBRR Table SA8 - Performance indicators and benchmarks**

#### **Overview of budget related-policies**

The Municipality's budgeting process for 2016/2017 was prepared under strict watchful eye and guidance of KZN COGTA and the established Change Management Committee since Vulamehlo was one of the municipalities affected by ward re-demarcation process. All policies for Vulamehlo will only be reviewed for alignment with that of Umdoni municipality and adopted as such on 31 May 2017. Policies such as follows:

##### **a) Asset Management policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure.

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

##### **b) Supply Chain Management Policy**

To ensure transparency, fairness, efficiency and accountability in the supply of goods and services to the municipality, the Supply Chain Management Policy was adopted by Council in April 2014.

##### **c) Review of Budget Policy**

The Budget Policy was tabled together with the budget and adopted on 30 May 2015. The Budget Policy aims to empower



senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

#### **d) Cash Management and Investment Policy**

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

#### **e) Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

### **Overview of budget assumptions**

#### **External factors**

Domestically, a majority of our community is unemployed, which 66 per cent of the population. With economic development we will expect a small growth of employed people of about 2.1% within the 2015/16 financial year.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

1. National Government macro economic targets;
2. The general inflationary outlook and the impact on Municipality's residents and businesses;
3. The impact of municipal cost drivers;

4. The increase in the cost of remuneration.

#### **Collection rate for revenue services**

The rate of revenue collection is currently expressed as a percentage (54 per cent) of annual billings. Cash flow is assumed to be 54 per cent of billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **Salary increases**

National treasury circular 79 pronounced CPI as 6.6% and  $\pm 1\%$  was added on top of CPI to arrive at the salary escalation of 7.5% for 2016/17 financial year.

#### **Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

1. Creating jobs;
2. Infrastructure development;
3. Enhancing education and skill development;
4. Improving Health services;
5. Rural development and agriculture; and
6. Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **Overview of budget funding**

Medium Term revenue

Vulamehlo Municipality mainly depends on government grants and subsidies.

Investment revenue contributes 1 per cent to the revenue base of the municipality with a budget allocation of R700 000, R750 000 and R750 000 for the respective three financial years of the 2016/17 MTREF. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide d investment information and investment particulars by maturity.

Table 16 MBRR SA15 – Detail Investment Information

Table 17 MBRR SA16 – Investment particulars by maturity

Medium-term outlook: capital revenue

The Municipality's capital budget is funded by the Municipal Infrastructure Grant and.

The Municipal Infrastructure Grant for the MTREF is R19 145m and R20 million for respective years.

Table18 MBRR Table SA 18 - Capital transfers and grant receipts

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

1. Clear separation of receipts and payments within each cash flow category;
2. Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue, and
3. Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 19 MBRR Table A7 - Budget cash flow statement**

### **Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

1. What are the predicted cash and investments that are available at the end of the budget year?
2. How are those funds used?
3. What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 20 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

### **Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 21 MBRR SA10 – Funding compliance measurement**

Expenditure on grants and reconciliations of unspent funds

**Table 22 MBRR SA19 - Expenditure on transfers and grant programmes**

**Table 23 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

**Councillor and employee benefits**

**Table 24 MBRR SA22 - Summary of councillor and staff benefits**

**Table 25 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

**Table 26 MBRR SA24 – Summary of personnel numbers**

monthly targets for revenue, expenditure and cash flow

**Table 27 MBRR SA25 - Budgeted monthly revenue and expenditure**

**Table 28 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

**Table 29 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

**Table 30 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

**Table 32 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

**Table 31 MBRR SA30 - Budgeted monthly cash flow**

**Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets. The capital budget does not cater for renewal of **assets** (which relates to 40% the capital budget must be for renewal of assets) as the municipal is still constructing infrastructure, but existing assets are maintained to be operational.

**Table 33 MBRR SA 34a - Capital expenditure on new assets by asset class**

**Table 33 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

**Table 34 MBRR SA34c - Repairs and maintenance expenditure by asset class**

**Table 35 MBRR SA35 - Future financial implications of the capital budget**

**Table 36MBRR SA36 - Detailed capital budget per municipal vote**

**Table 37 MBRR SA37 - Projects delayed from previous financial year**

## **Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days).
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA and organogram approved on 29 April 2015
4. Audit Committee  
An Audit Committee is shared with the district and is fully functional.
5. Service Delivery and Implementation Plan  
The detail 2016/17 draft SDBIP document will be finalized and will be tabled before council.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.

### **Other supporting documents :**

**Table 38 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Table 38 MBRR Table SA1 - Supporting detail to budgeted financial performance (continued)

Table 38 MBRR Table SA1 - Supporting detail to budgeted financial performance (continued)

**Table 39 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

**Table 40 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

**Table 41 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**



### **Municipal manager's quality certificate**

I ..... Accounting Officer of Vulamehlo Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Vulamehlo Municipality (KZN211)

Signature \_\_\_\_\_

Date \_\_\_\_\_